

Statewide Purchasing Card Policy



Department of Administrative Services
State Purchasing Division
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TABLE OF CONTENTS

I.	Program Overview.....	1
II.	Types of Accounts	1
A.	<i>Standard P-Cards</i>	<i>1</i>
B.	<i>Ghost Card Accounts</i>	<i>2</i>
III.	Legal Issues	2
A.	<i>Personal Purchases Prohibited.....</i>	<i>3</i>
B.	<i>Cardholder Background Checks</i>	<i>3</i>
C.	<i>Cardholder Credit Checks.....</i>	<i>3</i>
D.	<i>Split Purchases Prohibited</i>	<i>3</i>
E.	<i>Payment of Sales and Use Tax</i>	<i>4</i>
F.	<i>Records Retention Requirements.....</i>	<i>4</i>
G.	<i>Internal Revenue Service 1099 Reporting</i>	<i>5</i>
H.	<i>E-Verify.....</i>	<i>5</i>
IV.	State Purchasing Division Responsibilities.....	5
A.	<i>Statewide Purchasing Card Policy.....</i>	<i>5</i>
B.	<i>Process Improvement.....</i>	<i>5</i>
C.	<i>Professional Development.....</i>	<i>6</i>
D.	<i>State Cards Program Manager</i>	<i>6</i>
V.	State Entity Program Roles and Responsibilities.....	6
A.	<i>Card Program Administrator</i>	<i>6</i>
B.	<i>Supervisors / Approving Officials.....</i>	<i>8</i>
C.	<i>Cardholders and Related Account Users.....</i>	<i>8</i>
VI.	Card Program Personnel Training.....	9
A.	<i>State Entity Training</i>	<i>9</i>
B.	<i>Statewide Training.....</i>	<i>9</i>
C.	<i>Works™ Payment Manager</i>	<i>10</i>
VII.	Internal Controls	10
A.	<i>General Requirements.....</i>	<i>10</i>
B.	<i>State Entity Internal Purchasing Card Policy.....</i>	<i>10</i>
C.	<i>Card Management and Reconciliation Systems.....</i>	<i>11</i>
D.	<i>Merchant Category Code Authorizations</i>	<i>11</i>

E.	<i>Cardholder Spending Limits and Utilization.....</i>	<i>11</i>
VIII.	Documentation and Accounting.....	13
A.	<i>Documentation</i>	<i>13</i>
B.	<i>Monthly Reconciliation – Manual Logs</i>	<i>13</i>
C.	<i>Monthly Reconciliation –Team Georgia Marketplace™</i>	<i>13</i>
D.	<i>Monthly Reconciliation – Works™ Payment Manager</i>	<i>14</i>
E.	<i>Allocation to the General Ledger</i>	<i>14</i>
IX.	Use of the Card and Other Accounts.....	14
A.	<i>Allowable Purchases</i>	<i>15</i>
B.	<i>Allowable Purchases – Restrictions Apply</i>	<i>15</i>
C.	<i>Prohibited Purchases.....</i>	<i>17</i>
D.	<i>Declared Emergencies and Natural Disasters</i>	<i>18</i>
E.	<i>Sole Source / Sole Brand Purchases.....</i>	<i>18</i>
X.	Surcharges & Convenience Fees.....	18
A.	<i>Surcharges.....</i>	<i>18</i>
B.	<i>Convenience Fees.....</i>	<i>19</i>
	Definitions	21
	Topical Index	23

State of Georgia

Statewide Purchasing Card Policy

I. PROGRAM OVERVIEW

The State of Georgia Purchasing Card (P-Card) program streamlines payments for goods and services for State business use by eliminating the administrative burdens and costs associated with traditional methods of payment. Per the State Accounting Office, the P-Card or Electronic Payables is the recommended method of payment for all purchases under \$5,000. This policy can be found at:

http://sao.georgia.gov/sites/sao.georgia.gov/files/related_files/site_page/BP_VM_PaymentMethod_1.pdf

The P-Card Program is the only charge card program authorized for use by State Agencies, units of the University System of Georgia, and technical colleges within the Technical College System of Georgia.

All official forms mentioned in this Policy are on the State Purchasing Division (SPD) web site at <http://doas.ga.gov/state-purchasing/statewide-card-programs/purchasing-cards>. The versions on the web site will always be the latest versions.

The terms of the contract with the Bank also permit State Authorities and Commissions and local governments¹ to use the program. The State Cards Program Manager approves all participation in the program. Local governments and State Entities not under SPD authority are not required to follow the *Statewide Purchasing Card Policy*; however, this is recommended. Each Entity is responsible for implementing a P-Card policy and ensuring compliance with that policy.

Any questions related to appropriate use of the P-Card, Georgia law governing the use of the P-Card, or this Policy can be sent to pcard@doas.ga.gov.

II. TYPES OF ACCOUNTS

Accounts allowed under this Program include traditional cards as well as accounts for which no physical card is issued². All accounts can be used only for official State of Georgia business. Cards must be surrendered and/or accounts closed upon termination of employment for any reason or upon demand.

A. Standard P-Cards

Cardholders are limited to one active P-Card. Exceptions may be made for ghost accounts, Accounts Payable Cards, or Electronic Payables.

¹ Local governments include, but are not limited to, counties, cities, towns, Boards of Commissioners, and Boards of Education within the State of Georgia.

² These include ghost accounts, Accounts Payable accounts, and ePayables.

Cardholders must be permanent, part-time or full-time, State employees whose jobs require the use of a P-Card or other account. State Entities may include additional restrictions if desired. There will be no exceptions to the following:

1. Neither cards nor accounts will be issued to employees of foundations associated with any State Entity, student employees, temporary workers (e.g. hired from a temporary staffing agency), or contractors (e.g. person hired for a pre-determined period of time for a specific project).
2. Cards and other accounts will not be issued in the name of a Department or work unit (e.g. Facilities Maintenance) to be shared by multiple employees.
3. Only the employee whose name is shown on the face of the card is authorized to make purchases with the card, either in person, on-line, or telephone. Use by any other person, even if for State business purposes, is considered misuse of the card. This restriction does not apply to requestors in Team Georgia Marketplace™ who are assigned to a cardholder for eProcurement purchases.

At a minimum, an employee's supervisor and the Entity's Card Program Administrator must approve a cardholder's application for a P-Card or other account. The appropriate P-Card application form is the Purchasing Card Profile, Form SPD-PC002, found on the SPD web site at <http://doas.ga.gov/state-purchasing/statewide-card-programs/purchasing-cards>.

A potential cardholder must meet all training requirements as described in Section V.B. of this Policy prior to receiving the P-Card or obtaining access to an account number.

B. Ghost Card Accounts

The term "Ghost Cards" refers to a P-Card account established for the payment of monthly or other periodic charges to an established supplier of a State Entity and for which a physical card is not issued. In cooperation with the State Cards Program Manager and the Bank, an Entity's Card Program Administrator may establish a Ghost Card to make payments to a single, specified supplier.

Ghost Cards provide a secure payment method restricted for use with the identified supplier and secured through numerous account restrictions including spending limits, Merchant Category Code (MCC) restrictions, and the absence of a physical card. Ghost cards may be considered when the supplier provides goods or services through an established relationship, often sending a monthly invoice for those goods or services. Examples of suppliers suitable for payment via a Ghost Card include, but are not limited to, recurring payments, wireless device and wireless service providers, utilities, bulk fuel providers, landlords, food service, temporary services, and other suppliers. Please contact the State Cards Program Manager for more information on Ghost Cards or for assistance in setting up Ghost Card accounts.

III. LEGAL ISSUES

All procurement laws in the Official Code of Georgia, Annotated, and administrative rules found in the *Georgia Procurement Manual* apply to the use of the P-Card. Cardholders, program users, or supervisors/approving officials who knowingly, or through willful neglect, fail to comply with the following may be subject to suspension or termination of account privileges or other disciplinary action, up to and including termination of employment and criminal prosecution to the fullest extent of the law.

- Official Code of Georgia, Annotated (O.C.G.A.), sections related to governmental purchasing

- Applicable requirements of the *Georgia Procurement Manual* (GPM)
- *Statewide Purchasing Card Policy*
- State Entity policies and procedures governing procurement and the Purchasing Card Program.

The State Cards Program Manager and State Purchasing Division reserve the right to withdraw any authority or delegated approval due to non-compliance with applicable laws, rules, regulations, policies, and procedures, or the terms of any conditional approval.

A. Personal Purchases Prohibited

Cardholders and other program personnel are prohibited from using the P-Card and other accounts (e.g. ghost cards) for the purchase of any goods or services not directly or indirectly related to official State of Georgia business. Intentional use of the card for [personal purchases](#) will result in disciplinary action, up to and including termination from State employment and criminal prosecution.

1. The Official Code of Georgia, Annotated (O.C.G.A.), §50-5-80 states that any person who knowingly uses state funds for personal purchases under \$500 is guilty of a misdemeanor.
2. A person who knowingly uses state funds for personal purchases of \$500 or more is guilty of a felony punishable by one to 20 years in prison.
3. Supervisors or other approving officials who knowingly, or through willful neglect, approve personal or fraudulent purchases are subject to the same disciplinary actions as those making the purchases.

B. Cardholder Background Checks

O.C.G.A. §50-5-83 requires criminal background checks on all employees hired for positions that are eligible for P-Cards. The State Purchasing Division requires that these background checks be run for all employees using other P-Card accounts and products such as Ghost Cards, AP Cards, and/or ePayables. Although State Entities are not required to run background checks on cardholders at the time of card renewal this practice is highly recommended. This also applies to employees who use ghost cards, Accounts Payable Cards, and ePayables accounts.

C. Cardholder Credit Checks

In addition to background checks for all cardholders, O.C.G.A. §50-5-83 requires credit checks on all employees issued a purchasing card or who use ghost cards, Accounts Payable Cards, or ePayables. Credit checks must be run as an “employment inquiry” so as not to affect the employee’s credit score/rating. Although not required, it is recommended that credit checks also be run at the time of account renewal.

D. Split Purchases Prohibited

O.C.G.A. § 50-5-69 requires competitive bidding for all open-market purchases anticipated to be \$25,000 or more. However, §50-5-83 sets the legal Single Transaction Limit (STL) for P-Card transactions at less than \$5,000 (e.g. \$4,999.99 or less) unless the purchase is from a Statewide Contract and in compliance with State procurement policy.

1. Cardholders are prohibited from splitting a transaction between two or more transactions on a single account, two or more transactions on multiple accounts, or two or more transactions using the P-Card and a purchase order in order to circumvent competitive

solicitation requirements. Refer to the GPM at <http://doas.ga.gov/state-purchasing/law-administrative-rules-and-policies/gpm-archives-policies-and-official-announcements> for complete information on bid requirements and procedures.

2. Cardholders are prohibited from splitting a transaction between two or more transactions on a single card number, two or more transactions on multiple card numbers, or two or more transactions using the P-Card and a purchase order in order to circumvent the Single Transaction Limit imposed on the card regardless of the amount of the STL.

E. Payment of Sales and Use Tax

O.C.G.A. §48-8-3 exempts purchases made by Agencies, Universities, Colleges, and technical schools from State Sales and Use Tax when payment is made with appropriated funds. Cardholders must present the Department of Revenue Sales and Use Tax Exemption, Form ST-5, to suppliers upon request. This form is available on the Department of Revenue web site at <http://www.etax.dor.ga.gov> by searching for ST-5.

The requirement for out-of-state suppliers to charge Sales and Use Tax on shipments to purchasers in the State of Georgia does not apply to tax-exempt State Entities. In order to avoid confusion, the cardholder must provide out-of-state suppliers with a copy of the ST-5 prior to placing an order to be shipped into the State of Georgia. If the supplier refuses to remove taxes, the cardholder must make the purchase from a different supplier whenever possible.

Cardholders are responsible for ensuring that merchants do not charge tax or provide a credit for inadvertent charges.

1. If taxes are charged, the cardholder must contact the merchant to obtain a credit to the account. Sales tax cannot be disputed with the Bank.
2. Credits cannot be obtained by any other method, including, but not limited to, cash, gift cards, or store credit.
3. Documentation of attempts to obtain credit for any State Sales and Use Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.

State Entities may apply to the Georgia Department of Revenue for a refund of sales taxes paid in error or because a supplier/merchant refuses to remove taxes. The form to use for this is the Department of Revenue's Claim for Sales and Use Tax Refund, Form ST-12. In addition to the ST-12, the State Entity must also submit either (1) a Waiver of Vendor's Rights, Form ST-12A, or (2) a Purchaser's Claim for Sales Tax Refund Affidavit, Form ST-12B. These forms contain instructions for their use and are located at

https://etax.dor.ga.gov/salestax/st3forms/st3_idx.aspx.

F. Records Retention Requirements

The University System of Georgia maintains the official Records Retention Schedule for the State of Georgia. This information is available on their web site at

http://www.georgiaarchives.org/records/retention_schedules.

1. Documents related to transactions (e.g. receipts) are accounting records and must be maintained according to the requirements of Accounts Payable Files.
2. Documents related to the issuance of accounts to employees (e.g. profile forms) are accounting records and must be maintained according to the requirements of Credit Card Administration Records.

G. Internal Revenue Service 1099 Reporting

In 2011, the Internal Revenue Service announced changes to the IRS Revenue Code, Section 6050W, that shifted the burden of payment reporting requirements from the purchaser to the supplier's merchant bank when the P-Card is used as the method of payment for a reportable transaction. Because of the shift in responsibility, participants in the State's P-Card program are no longer required to report total P-Card transactions in excess of \$600 with certain suppliers. This change applies only to P-card transactions. Reporting for all other payment methods, including checks, ACH, and other means, will remain the responsibility of the Entity making the payments. Consult the tax specialists at your Entity for further information and details regarding these changes.

H. E-Verify

The Georgia Security and Immigration and Compliance Act, O.C.G.A. §13-10-91, requires suppliers to file an affidavit that the supplier and its subcontractors have registered and participate in the federal work authorization program known as E-Verify. This program is intended to ensure that only lawful citizens or lawful immigrants are employed by the supplier or subcontractor. All State Entities are required to obtain this signed and notarized affidavit from suppliers prior to entering into any service contract \$2,500 or greater involving the supplier's physical performance of services within the State of Georgia. The State of Georgia Attorney General's Office has interpreted this to include one-time P-Card transactions for services.

For P-Card transactions that meet this definition, the cardholder or another person within the State Entity is responsible for ensuring receipt of this affidavit. A copy of this affidavit must be included with all transaction documentation, including uploading a PDF version to Team Georgia Marketplace™, if applicable.

IV. STATE PURCHASING DIVISION RESPONSIBILITIES

A. Statewide Purchasing Card Policy

The DOAS State Purchasing Division administers the contract on a statewide level. SPD personnel serve as resources for all program users in the areas of policy development and implementation, day-to-day administration of the Program, audit, and training for card program personnel.

The *Statewide Purchasing Card Policy* governs all State Entity programs and establishes minimum standards for use of the P-Card and other accounts (e.g. ghost cards) to ensure compliance with all applicable State procurement laws and the GPM. The version of this Policy posted on the SPD web site will always be the official Policy. The effective date of the Policy will be in the footer of the document. SPD maintains an archive of previous versions of this Policy that will be available upon request.

B. Process Improvement

The SPD Process Improvement Unit conducts periodic reviews of State Entities under SPD authority to determine the level of compliance with State procurement laws and policies and adequacy of internal controls.

1. The Process Improvement Unit issues written assessments of the Program and makes recommendations for improvement when warranted, and works with Program personnel to implement corrective actions when warranted.

2. In cases where internal controls or policies are not adequate, Process Improvement has the authority to require improvements and/or to impose other restrictions on a State Entity's card program until adequate controls and policies are implemented.
3. Serves as the central point of contact on all Policy and procedure issues.
 - a. Communicates all Program and Policy changes to Program users
 - b. Processes all requests for Policy exceptions
4. Reviews the *Statewide Purchasing Card Policy* at least annually to ensure that it reflects current State procurement laws and regulations, incorporates "best practices" in the P-Card industry, and allows use of the P-Card to increase efficiency in procurement.
5. Develops and maintains statewide Program forms and P-Card-specific training.
6. Collaborates with the DOAS Professional Development unit to develop and maintain statewide training materials and manuals.

C. Professional Development

1. The SPD Professional Development Unit assists in developing and delivering statewide training on the P-Card Program. The bank is responsible for the implementation and initial training on the Works™ Payment Manager system. The SPD Professional Development unit will provide additional training in the system as needed.
2. The Professional Development Unit collaborates with the Process Improvement Unit to develop and implement training for Team Georgia Marketplace™ users.
3. The Professional Development Unit collaborates with the Process Improvement Unit to develop training materials for administrators, supervisors, cardholders, and auditors.

D. State Cards Program Manager

The State Cards Program Manager serves as the official liaison between the Bank, SPD, and all Program users. The State Cards Program Manager Works™ with other areas of SPD and other State Entities to determine new ways to use the P-Card within legal and Policy requirements.

V. STATE ENTITY PROGRAM ROLES AND RESPONSIBILITIES

The Agency Procurement Officer (APO) or the College/University Procurement Officer (CUPO) serves as the official liaison between the Entity and State Purchasing Division personnel for all matters related to the Entity's program. This individual usually serves as the P-Card Program Administrator, although any or all of the following administrative responsibilities may be delegated to another individual or to one or more Card Program Coordinators, depending on the size and complexity of the Entity's program.

A. Card Program Administrator

The Card Program Administrator serves as the main point-of-contact for all card program personnel and serves as a liaison between State Entity management, the State Purchasing Division, and other card program personnel. In some cases, responsibilities may be shared and/or delegated to a Card Program Coordinator.

The State Entity must provide a Designation of Card Program Administrator, Form SPD-CC001, to the State Purchasing Division within 30 days of any changes in Administrators or Coordinators, if the coordinator serves as a point of contact with the State Purchasing Division. Information on all official Program forms and how they are to be used can be found on the SPD web site at <http://doas.ga.gov/state-purchasing/statewide-card-programs/purchasing-cards>

The Card Program Administrators/Coordinators fulfill responsibilities in the following areas:

Card Management

1. Develops and maintains the State Entity's internal P-Card policy to address policy areas unique to the State Entity or that are not covered by the *Statewide Purchasing Card Policy*.
2. Works™ with management to identify job titles or positions that require a P-Card or that would be good candidates for use of the card and/or other accounts.
3. Develops internal procedures for requesting new cards and/or changes to existing cards (e.g. change in spending limits).
4. Works™ with management to determine appropriate cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices.
5. Evaluates cardholder spending limits against actual usage at least annually and terminates cards that show consistently low usage.
6. Identifies cards with little or no usage to determine if cards are needed.

Reconciliation Procedures

The Card Program Administrator is responsible for developing internal procedures for:

1. Reconciliation procedures that ensure timely payment and/or allocation of transactions to the General Ledger at least monthly.
2. Documentation, including use of Works™ Payment Manager or Team Georgia Marketplace™, as appropriate, for reconciliation of transactions.
3. Disputing a transaction with the Bank.

Compliance with Laws and Policies

1. Establishes written internal procedures to ensure compliance with State procurement laws, the *Georgia Procurement Manual*, the *Statewide Purchasing Card Policy*, and the internal P-Card policy.
2. Develops written internal procedures for requesting exceptions to either State or internal policy requirements using the Special Approval Request, Form SPD-PC003.
3. Develops internal procedures for requests for exceptions to both State and internal policies, if allowed.
4. Submits all requests for exceptions to the *Statewide Purchasing Card Policy* to pcard@doas.ga.gov.

Internal Controls

1. Develops the State Entity's internal P-Card procedures in compliance with the principles of sound internal controls.
2. Ensures that the State Entity has sufficiently documented internal controls and other measures (e.g. audits) to prevent and/or detect [misuse](#) or [abuse](#) of the P-Card and other accounts.
3. Develops written procedures for ordering cards and canceling cards when lost or stolen or when a cardholder leaves employment.
4. Develops written procedures for reporting and documenting actual and/or potential cardholder abuse or misuse.
5. Ensures that transactions are audited at least annually.

Card Program Training

1. Develops State Entity specific training for all cardholders, supervisors, and other approving officials.
2. Develops appropriate refresher training to be delivered at least annually.
3. Ensures that all card program personnel receive notification of changes in State and internal policies, including Official Announcements from the State Purchasing Division.

B. Supervisors / Approving Officials

Supervisors or other persons responsible for reviewing transactions must have a thorough knowledge of the cardholders' job responsibilities in order to determine if purchases are job-related or otherwise authorized.

Monthly Reconciliation

1. Before approving the P-Card transactions, either by signing a transaction log or statement or signing off on transactions electronically, the supervisor or approving official must carefully review all documentation to ensure that all documentation meets the minimum requirements as explained in Section VII.A. of the *Statewide Purchasing Card Policy*.
2. Sign off on all transactions in Works™ Payment Manager or Team Georgia Marketplace™, as appropriate, within the timeframe established by the Card Program Administrator.
3. Ensure all documentation is submitted according to internal procedures and State requirements. See Section VII of the *Statewide Purchasing Card Policy*.

Other Responsibilities

1. Maintain knowledge of State and internal procurement policies and procedures related to use of the P-Card.
2. Coordinate the following with the Card Program Administrator:
 - a. Ordering and canceling cards for employees
 - b. Establishing reasonable spending limits

C. Cardholders and Related Account Users

All cardholders are *de facto* purchasing agents for the State of Georgia and their individual State Entities. All card program personnel must have a minimum understanding of State procurement laws and the requirements of the *Georgia Procurement Manual*.

Card Usage

1. Ensure that no other persons have access to any card information (i.e. card account number, expiration date, security code).
2. Ensure that all purchases comply with State and internal policies.

Monthly Reconciliation

1. Ensure that all invoices and receipts meet minimum requirements for adequate documentation of transactions.
2. Sign off on all transactions in Works™ Payment Manager or Team Georgia Marketplace™, as appropriate, within the timeframe established by the Entity's Card Program Administrator.

3. Ensure all documentation is submitted according to internal procedures and State requirements. See Section VII.A. of the *Statewide Purchasing Card Policy*.

Other Responsibilities

1. Maintain knowledge of State and internal procurement policies and procedures related to use of the P-Card.

VI. CARD PROGRAM PERSONNEL TRAINING

A. State Entity Training

1. Each State Entity's Card Program Administrator is responsible for developing and implementing training for cardholders and supervisors or other approving officials that is specific to that State Entity's needs. Training must include relevant portions of the following:
 - a. *Georgia Procurement Manual*
 - b. *Statewide Purchasing Card Policy*
 - c. Internal procurement and P-Card policies
2. The State Entity's Card Program Administrator is responsible for developing and implementing refresher training, to be conducted at least annually, for all cardholders, supervisors, and approving officials.
3. All cardholders must sign a cardholder agreement that contains the terms and conditions for use of the P-Card and any other account. A sample cardholder agreement is available at <http://doas.ga.gov/state-purchasing/statewide-card-programs/purchasing-cards>.

B. Statewide Training

The Professional Development Unit of the State Purchasing Division provides additional training for cardholders, supervisors, approving officials, and Card Program Administrators. For specific training requirements for access to Team Georgia Marketplace™, contact training@doas.ga.gov.

All training courses are updated at least annually and are available in the SPD Learning Management System (LMS) at <http://doas.rollbook.com/>. To gain access to the LMS, send an email to training@doas.ga.gov.

1. *Introduction to P-Card Principles* provides the information necessary to understand the purpose of the P-Card, its benefits, and the procurement regulations that apply to using the P-Card. This course is required as either initial training or annual refresher training, or both, for Card Program Administrators, cardholders, and supervisors/approving officials for those State Entities that do not provide training.
2. *TGM Procurement Card Reconciliation and Approval* teaches users how to reconcile and approve transactions in Team Georgia Marketplace™. This course is required for all Card Program Administrators, cardholders, and supervisors/ approving officials at agencies and technical colleges that use the State Accounting Office PeopleSoft financial system. This course must be completed prior to using the P-Card or approving transactions in the financial system.
3. *Evaluating P-Card Program Management* provides guidance to Agency/University Procurement Officers, Card Program Administrators, and auditors on evaluating P-Card policy and internal controls, and auditing transactions.

4. *Team Georgia Marketplace™ Card Program Administration* is a manual designed to show Card Program Administrators how to maintain cards and cardholders in the Team Georgia Marketplace™ system.

C. Works™ Payment Manager

The Bank is responsible for delivering training on Works™ Payment Manager when the system is initially implemented. The State Entity Card Program Administrator is responsible for training new cardholders or other users. Personnel from the State Purchasing Division's Professional Development and/or Process Improvement units are also available.

VII. INTERNAL CONTROLS

A strong system of internal controls is essential for detection and deterrence of fraud, [cardholder misuse](#), or [cardholder abuse](#) of the P-Card. Internal controls include policies, procedures, and training in addition to spending limits and Merchant Category Code restrictions.

A. General Requirements

Each State Entity must establish an internal control structure that ensures compliance with State procurement laws, the *Georgia Procurement Manual*, the *Statewide Purchasing Card Policy*, sound accounting practices, and internal policy. Minimum requirements include:

1. Separation of duties between ordering cards (program administrators), making transactions (cardholders), and review or approval of transactions for payment (supervisors/approving officials).
2. Independent review of the account maintenance activity from Works™ Payment Manager at least monthly if the Card Program Administrator is also a cardholder.
3. Limits on the number of cardholders assigned to a supervisor or approving official in order to ensure adequate review of business need and documentation for each purchase.
4. Provision for annual independent audit or review of the P-Card program by the Card Program Administrator, Internal Audit unit, or other business unit assigned audit responsibilities. Reviews must include adequacy of:
 - a. internal policies and procedures
 - b. cardholder spending limits
 - c. monthly reconciliation procedures
 - d. documentation for transactions

B. State Entity Internal Purchasing Card Policy

The *Statewide Purchasing Card Policy* serves as the Policy for the P-Card Program on a statewide level and is not designed to be specific to an individual State Entity in all areas. Each State Entity must develop its own internal policy to address areas that the *Statewide Purchasing Card Policy* cannot and does not address. The Card Program Administrator or the Agency/University Procurement Officer must evaluate the internal policy at least annually using the Policy Risk Evaluation workbook found on the State Purchasing Division web site at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>

C. Card Management and Reconciliation Systems

All transaction reconciliation is to be done electronically, either in Works™ Payment Manager or Team Georgia Marketplace™, depending on the State Entity's accounting system. Transactions must be reconciled and allocated to the General Ledger within 30 days of the statement billing date.

1. All State Entities are required to use the Works™ Payment Manager system provided by the Bank for card administration and account maintenance.
2. State Entities that use the State Accounting Office PeopleSoft system and have implemented Team Georgia Marketplace™ must reconcile all transactions in the P-Card module of PeopleSoft.
3. All other State Entities under State Purchasing Division authority must use Works™ Payment Manager for cardholder sign-off and supervisory approval of transactions.

D. Merchant Category Code Authorizations

Merchant Category Codes (MCC's) are codes assigned by a supplier's merchant bank based on the types of goods and/or services provided. By allowing or blocking certain codes, the State has some protection against unauthorized or prohibited purchases. The Bank creates MCC groups upon request by the State Cards Program Manager.

1. The State Cards Program Manager establishes the State-authorized MCC groups that contain codes associated with suppliers that provide goods and/or services specifically authorized by this Policy.
2. MCC's associated with suppliers that provide prohibited goods or services are excluded from these groups. Transactions at unauthorized MCC's should be blocked at the point-of-sale but occasionally are forced through. These transactions are subject to audit.
3. The State Cards Program Manager will conduct periodic evaluations of authorized codes and MCC groups to determine if the codes and the groups meet the needs of State Entities.
4. The State Cards Program Manager will work with the Process Improvement Unit and other card program personnel at SPD and at State Entities to determine if changes are needed.
5. State Entities can request activation of additional MCC's for inclusion in a State-authorized group and/or approval to create an MCC group to meet specific needs. Program Administrators can make these requests using the Special Approval Request, Form SPD-PC003.
6. Card Program Administrators should ensure that cardholder profiles permit only those MCC groups that contain the MCC's a cardholder needs to meet job requirements.

E. Cardholder Spending Limits and Utilization

Imposing spending limits enables management to provide cardholders with the purchasing power to accomplish the needs of the job without exposing the State or the State Entity to unnecessary risk. Spending limits should be based on job responsibilities. Cardholder spending limits must be reviewed at least annually to determine if actual usage is consistent with spending limits and increases or decreases made as needed.

Cardholders are prohibited from splitting a single purchase between one or more cards or a card transaction and a purchase order in order to circumvent the card's Single Transaction Limit and/or bid requirements.

If needed, the State Entity's Card Program Administrator may use the Special Approval Request, Form SPD-PC003, to request prior, written approval.

Available Spending Limits

1. Cycle (Credit) Limit – Mandatory spending limit that restricts the total value of purchases a cardholder can make in one billing cycle. The cycle limit cannot be more than \$25,000 without prior, written approval from the State Cards Program Manager.
2. Single Transaction Limit (STL) – Mandatory spending limit that restricts the amount of a single purchase regardless of the Cycle Limit on the card.
3. Number of Transactions per Day – Optional spending limit that restricts the total number of transactions a cardholder can have in one 24-hour period.

Spending Limits Requirements

1. O.C.G.A. §50-5-83 establishes the maximum STL at less than \$5,000 (i.e. \$4,999.99 or less). The State Entity Card Program Administrator can establish STL's up to this amount as determined by overall needs.
2. State Entity Card Program Administrators must request prior, written approval from the State Purchasing Division for STL's greater than or equal to \$5,000 using the Special Approval Form, SPD-PC003, with the following exceptions:
 - a. State Entity Card Program Administrators can grant temporary approval for individual limits greater than or equal to \$5,000 for purchases from Statewide Contracts, Agency contracts, or mandatory statutory sources without approval from the State Cards Program Manager.
 - b. State Entity Card Program Administrators can also grant temporary approval for individual limits greater than or equal to \$5,000 for purchases that would be exempt based on the NIGP code. Refer to Section 1.2.4 of the *Georgia Procurement Manual* for additional information and a link to the list of exempt NIGP codes.
3. State Entity Card Program Administrators must obtain prior, written approval from the State Purchasing Division for STL's greater than or equal to \$5,000 for any purchase that does not meet one or both of the first two conditions of this section. The request must include documentation that all bid requirements, if any, have been met if the purchase is greater than or equal to \$25,000.

Annual Review of Spending Limits

Each State Entity is required to perform a review of spending limits at least annually in order to determine if each cardholder's spending limits are both adequate and appropriate. The review must include transactions from at least 12 complete, consecutive cycles. In order to facilitate this review, the State Purchasing Division has provided a Spending Limits Analysis Template in Excel. This template resides at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>. Instructions for its use are in the *Purchasing Card Audit Guide*, also available on this web site. State Entities may use this spreadsheet or any other method.

Dormant Cards

Each State Entity is responsible for defining in its internal policy how long a card can remain unused before it is considered inactive. The State Purchasing Division recommendation is that a State Entity should reduce the cycle limit of any card that has not been used within 12 complete

cycles to \$1. The card should also be reviewed to determine if the cardholder still needs the card. The State Purchasing Division has provided a Card Utilization Review Workbook in Excel. This template resides at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools>. Instructions for its use are in the *Purchasing Card Audit Guide*, also available on this web site. State Entities may use this spreadsheet or any other method.

VIII. DOCUMENTATION AND ACCOUNTING

A. Documentation

1. Cardholders must maintain documentation for all transactions, including an invoice or receipt, and a log of all purchases. Refer to the “Documentation Checklist” available at <http://doas.ga.gov/state-purchasing/purchasing-tools/process-improvement-tools> for complete guidance on appropriate documentation. Invoices/receipts must meet the following minimum requirements:
 - a. Complete supplier/merchant information (name, location)
 - b. Line item details, including quantity, description, unit price, and total price
 - c. Line showing no sales tax
2. If a cardholder loses a receipt and a duplicate cannot be obtained, the cardholder should follow their Entity’s internal procedures related to the use of the Lost Receipt Affidavit, Form SPD-PC005. Use of this form more than three times during a fiscal year will result in suspension of card privileges for a period of time determined by the Card Program Administrator.
3. If cardholders perform transaction reconciliation in Works™ Payment Manager or Team Georgia Marketplace™, they must follow internal procedures for handling documentation, including logs.
4. For State Entities using Works™ Payment Manager for reconciliation, the “Payable Allocation Report” meets the requirements for a printed version of the log.
5. Entities using Team Georgia Marketplace™ may use the OPO201B query in PeopleSoft as a printed version of the log.

B. Monthly Reconciliation – Manual Logs

If the State Entity requires cardholders to submit manual logs to others (e.g. proxy reconciler) for reconciliation in either Team Georgia Marketplace™ or Works™ Payment Manager, documentation must meet the following additional requirements:

1. If the standard P-Card Log, Form SPD_PC004A, is not used, the log used must contain the same information as shown on that form.
2. All transaction logs or monthly billing statements must be signed by the cardholder and supervisor or other approving official. Signature stamps are not permitted.
3. All invoices/receipts must be attached to the log or monthly billing statement and submitted following internal procedures.

C. Monthly Reconciliation – Team Georgia Marketplace™

1. Use of Team Georgia Marketplace™ for reconciliation eliminates the need for manual signatures on transaction logs since the sign off in that system constitutes an electronic signature.

- a. A copy of signed manual logs or statements must be attached to the first transaction if cardholders and supervisors do not complete their own approvals in Team Georgia Marketplace™.
2. Cardholders, proxy reconcilers, supervisors, or other approving officials **MUST** enter comments and/or line descriptions for each transaction. This allows program administrators, auditors, and other third parties more oversight of transactions. Comments should include the purpose of the purchase, for whom the purchase was made, and other relevant information to allow outside parties to determine that the expense was business-related.
3. Cardholders, proxy reconcilers, supervisors, or approving officials must upload a copy of the invoice or receipt and any other relevant documentation (e.g. email correspondence) to the transaction, including those for which a purchase order was issued. Attachments must meet the following requirements:
 - a. Be a PDF document
 - b. Be legible (e.g. not too dark, not too light)
 - c. Contain copies of all pages of invoices or other documents

D. Monthly Reconciliation – Works™ Payment Manager

1. Use of Works™ Payment Manager for reconciliation eliminates the need for manual signatures on transaction logs since the sign off in that system constitutes an electronic signature.
2. Cardholders, proxy reconcilers, supervisors, or other approving officials **MUST** enter comments and/or line descriptions for each transaction. This allows program administrators, auditors, and other third parties more oversight of transactions. Comments should include the purpose of the purchase, for whom the purchase was made, and other relevant information to allow outside parties to determine that the expense was business-related.
3. State Entities using Works™ Payment Manager for reconciliation have the option to use “receipt imaging”, a functionality that allows users to upload electronic (e.g., PDF) copies of invoices, receipts, and other supporting documents to Works™ Payment Manager. To use this option, contact the State Cards Program Manager to coordinate with the Bank to make this available. All documentation must meet the following requirements:
 - a. Be a PDF document
 - b. Be legible (e.g. not too dark, not too light)
 - c. Contain copies of all pages of invoices or other documents
4. If a State Entity uses receipt imaging, the original must be maintained for at least one year from the statement billing date.

E. Allocation to the General Ledger

Timely allocation of charges to the General Ledger is essential to ensure compliance with State accounting and budgetary policies. The State Entity must ensure that all transactions are allocated to the General Ledger within 30 days of the statement billing date.

IX. USE OF THE CARD AND OTHER ACCOUNTS

All purchases made through the program must be for official State business. Internal policies governing use of the accounts can be more, but not less, restrictive than the *Statewide Purchasing Card Policy*.

Only the employee whose name appears on the face of the card is authorized to initiate transactions with the card. In the case of ghost cards or other types of account numbers (e.g. ePayables), only the authorized account user or custodian may initiate transactions. Use of either type of card or account by any other person, even if the purchase is for legitimate State business, is considered misuse of the card.

Each State Entity must define allowable and prohibited purchases in the internal purchasing card policy.

- If the State Entity wants to adopt the *Statewide Purchasing Card Policy* list of allowed and prohibited purchases as defined below and with no changes, then a reference to the *Statewide Purchasing Policy* is all that is required.
- If a State Entity wishes to impose additional restrictions or prohibitions, then the State Entity must define these additional restrictions in the State Entity's policy.
- Whenever a State Entity's policy is more restrictive than the *Statewide Purchasing Card Policy*, then the State Entity policy takes precedence.
- The State Entity cannot allow purchases that are prohibited by the *Statewide Purchasing Card Policy*.

A. Allowable Purchases

The P-Card and other accounts can be used for official purchases of supplies, materials, equipment or services where not otherwise prohibited or restricted. All purchases must be within assigned spending limits unless prior written approval is received to exceed those limits. Allowable purchases include:

1. Goods and services used in the furtherance of a State Entity's mission. For more information on services, refer to "E-Verify" in the *Legal Issues* section above.
- 2.
3. Purchases of goods or services intended for official State of Georgia work-related use that are not otherwise excluded by the Prohibited Purchases section of this Policy.

B. Allowable Purchases – Restrictions Apply

Travel-Related Expenses – State Employees

State employees traveling on official State business as defined in the [State Travel Regulations](#) published by the State Accounting Office and the Office of Planning and Budget may use the Purchasing Card for:

1. Transportation (all types)
 - a. When the mode of transportation is a vehicle rental, the rental must be from one of the Mandatory Statewide Contracts unless approved using the Waiver from Statewide Contract process defined in Section 1.3.1.1 of the *Georgia Procurement Manual*.
2. Parking

Travel-Related Expenses – Non-State Employees

Cardholders may use the Purchasing Card for students travelling on official school business, clients of a State Entity, and the general public when participating in an official State program or other activity for:

1. All types of transportation when this transportation is needed in the fulfillment of the State Entity's mission.
2. Lodging and meals for students and for clients of a State Entity when needed in the fulfillment of the State Entity's mission.

Equipment

Use of the P-Card for equipment is governed by the State Accounting Office policies on [Capital Assets](#). State Entity policy may impose additional restrictions.

1. For State Agencies, Commissions, and Boards that use the State Accounting Office version of PeopleSoft – Single units under \$5,000 per unit, including freight.
2. For colleges under the authority of the Technical College System of Georgia – Single units under \$1,000 per unit, including freight.
3. For colleges and universities under the authority of the Board of Regents – Single units under \$3,000 per unit, including freight.
4. State Agencies, Commissions, Boards, and Technical Colleges using Team Georgia Marketplace™ may purchase single units \$5,000 and above provided all of the following are met:
 - a. The purchase is from a Statewide Contract supplier
 - b. A purchase order is issued and paid with the P-Card
 - c. The appropriate lines are checked as an asset

Vehicle-Related Transactions

1. Car washes are permitted provided a State Entity allows this type of purchase in the internal policy.

Software, Data Plans, and "Apps"

Software, unless prohibited by State Entity internal policy, can be purchased with the following restrictions:

1. Data plans, software, or applications (apps) for State-issued computers, smart phones, and tablets only (e.g. iPhone, Android, iPad).
2. Purchases cannot be made for personal devices even if used for business purposes.

Food or Meals

1. Food provided for consumption at events or services provided to the general public, state benefit recipients and/or state program participants, or purchased for resale in gift shops, bookstores, or similar venues, and other non-employee meal related use.
2. Non-travel related meals for State employees that meet the State Accounting Office definition of "group meals". For complete information, search for Statewide Travel Policy on the SAO web site at http://sao.georgia.gov/sites/sao.georgia.gov/files/related_files/site_page/SOG_Statewide_Travel_Policy_012414_031214.pdf.
3. Meals only when the cost of the meals is included in the total cost (e.g. a conference fee of \$1,500 that includes three meals).
4. Food and lodging for student activities, but not for faculty, staff, coaches, or other school employees, when on official school business (e.g. athletic team travel). Documentation for the purchase must include:

- a. Itemized receipt showing all meals purchased
 - b. Roster of participants showing student name and signature
 - c. Copy of team schedule or other documentation showing that the meal was for an authorized student activity
- 5. Food for official research, laboratory animals, or instructional/classroom use.
- 6. Food for school-sponsored childcare (e.g. day care center at a school).
- 7. Alcoholic beverages, such as cooking wine, for instructional or classroom use only. The following steps must be followed:
 - a. Document the purchase showing that the purchase was for instructional use.
 - b. Create and document steps to ensure that the alcohol is either completely used or disposed of or properly secured between usage to prevent consumption in non-classroom activities.
 - c. When possible, purchase the alcohol from instructional/culinary arts supply sources rather than a grocery or package store.

C. Prohibited Purchases

The following types of purchases are strictly prohibited either by Official Code of Georgia, Annotated (O.C.G.A.), or to meet reporting requirements of the State or specific State Entities.

- 1. Goods or services not directly related to job responsibilities or other official State of Georgia business (i.e. personal purchases).
- 2. Data plans, software, or applications (apps) for non-State Entity issued devices, including, but not limited to, smart phones, laptop computers, and tablets.
- 3. Memberships at wholesale warehouses and shopping clubs (e.g. Sam's, Costco, Amazon Prime)
- 4. Cash advances
- 5. Gift cards, stored value cards, calling cards, and similar products.
- 6. Employee travel expenses related to lodging and meals, except as specifically covered under Allowable Purchases.
 - a. Certain Agencies may request an exception to this requirement in the event of a declared emergency.
 - b. Use Special Approval Request, Form SPD-PC003, for this request.
- 7. Entertainment (e.g. in-room movies for State employees traveling on business). This restriction **does not** apply to student activities at units of the University System of Georgia or the Technical College System of Georgia or to items purchased for resale at bookstores located at these colleges, universities, and technical schools.
- 8. Alcoholic beverages or products except as permitted in Section VII.B. above
- 9. Tobacco products
- 10. Fuel, mechanical repairs, and maintenance for State-owned or rental vehicles. Exceptions may be granted upon verification of procedures to enter costs into VITAL, the State's fleet management system administered by the DOAS Office of Fleet Management.
 - a. This restriction does not apply to non-mechanical body shop repairs (e.g. dented bumper) not covered under the State's vehicle maintenance contract.
 - b. This restriction does not apply to auto parts for in-house use (e.g. Entity-operated repair shops) or for teaching purposes provided the process outlined in the [auto parts flow chart](#) is followed.

D. Declared Emergencies and Natural Disasters

The *Georgia Procurement Manual* grants authority to forego standard procurement requirements for needs arising from unforeseen causes. In cases involving the welfare of the general public, extreme weather conditions, or official declared emergencies, the Program Administrators are allowed to obtain after-the-fact approval for exceptions to this Policy.

1. The Program Administrator must submit the Form SPD-PC003, Special Approval Request, to notify the State Cards Program Manager within 72 hours of any actions taken in response to these emergencies and the nature of the actions taken.
2. Documentation for transactions must follow guidelines for emergency purchases as contained in the *Georgia Procurement Manual*, including use of and retention of Form SPDNI005, Emergency Justification Form, available in the SPD Official Forms section of Agency Resources on the State Purchasing Division web site.

Key personnel responsible for implementing a State Entity's response to emergencies must know how to contact the State Entity's APO/CUPO, the Card Program Administrator, and the back-up Card Program Administrator. State Entity procurement personnel should have access to State Purchasing Division and Bank contact information in order to address card-related issues, including, but not limited to, corporate credit limit, individual card credit limits, and Merchant Category Code groups.

E. Sole Source / Sole Brand Purchases

The P-Card and other accounts may be used for purchases resulting from sole source or sole brand acquisitions provided those goods/services are not identified in the prohibited subsection. Guidelines for Sole Source and Sole Brand purchases are found in the *Georgia Procurement Manual*.

1. Any request for a Single Transaction Limit of \$25,000 or more that would qualify as a Sole Source and/or Sole Brand must include the appropriate forms per instructions in the *Georgia Procurement Manual* in effect at the time of the transaction.
2. These forms, and instructions for use, are available on the State Purchasing Division web site. These forms must also be attached to the transaction log and/or monthly billing statement as documentation for the transaction. Official forms are available on the SPD web site at <http://doas.ga.gov/StateLocal/SPD/Seven/Pages/Home.aspx>.

X. SURCHARGES & CONVENIENCE FEES

Many suppliers charge a "credit card processing fee" or "convenience fee" for accepting credit cards including the P-Card. These types of fees are strictly regulated by Visa and MasterCard (also called the Associations).

A. Surcharges

According to Visa's Card Acceptance and Chargeback Management Guidelines for Merchants (Merchants is synonymous with suppliers) available on Visa's website, credit card surcharges are allowed but cannot be more than the amount the supplier's bank charges them for processing the transaction. Also, the supplier cannot charge both a surcharge and a convenience fee, explained below.

The maximum allowable surcharge is 4% and must be shown as a line item on the details invoice or receipt. Whenever a supplier charges a surcharge, the following rules apply:

- The supplier must have provided Visa and their merchant bank at least 30 days notification of their intent to impose surcharges.
- The fact that the supplier imposes these charges must be clearly posted on the door and at point-of-sale for physical locations and on web sites when sales are made via the internet and inform the customer:
 - Of the exact percent of the surcharge
 - That it is being assessed by the supplier and is only applicable on credit transactions
 - That it is not greater than what the supplier pays to Visa.

For any transaction where the supplier has charged a surcharge, a State of Georgia cardholder must obtain a copy of the acknowledgement letter sent to the supplier by VISA authorizing the supplier to impose a surcharge. This copy must be maintained with the invoice and all other documentation for the transaction, including uploading to Team Georgia Marketplace™, if applicable. In the event of a regular supplier, a copy on file with the Card Program Administrator will be sufficient.

B. Convenience Fees

“Convenience fees” for certain transactions can be paid if they are charged in compliance with Visa rules. (The State of Georgia P-Card and other accounts are Bank of America Visa accounts, so Visa regulations apply.)

Convenience fees are allowed if they are charged in compliance with Visa rules. For merchants who offer an alternate payment channel (i.e., mail, telephone, or e-commerce) for customers to pay for goods or services, a convenience fee may be added to the transaction amount. If the merchant chooses to assess a convenience fee to its customers, the merchant must adhere to the following rules.

- The fee is being charged for a bona fide convenience of using an alternative payment channel outside the merchant’s normal business practice.
- The fee
 - must be disclosed to the customer as a charge for the alternative payment channel convenience.
 - is applied only to transactions that are not face-to-face.
 - must be a flat or fixed amount, regardless of the amount of the payment due.
 - is applied to all forms of payment products accepted in the alternative payment channel.
 - is included as part of the total transaction amount.
 - cannot be added to a recurring transaction.
 - is assessed by the merchant that provides the goods or services to the cardholder and not a third party.
- The customer must be given the opportunity to cancel prior to the completion of the transaction.

Visa is very clear about what a convenience fee is and how and when they can be charged. As a result, many suppliers that charge fees do so incorrectly and are therefore out of compliance with Visa regulations.

Examples of common violations of Visa's convenience fee policy include, but are not limited to, the following

- Charging a tiered or percentage based fee. Only a flat fee regardless of the transaction amount is allowed.
- Charging a fee for transaction below or above a certain dollar amount. Convenience fees must be charged on all transaction regardless of amount.
- Charging the fee in person, for face-to-face or point of sale transactions. The fees can only be applied to transactions via the mail, telephone or internet.
- Charging only for Visa or credit card transactions. Convenience fees must be applied to all payment methods accepted via that channel.
- Calling the fee a "processing fee", "credit card fee", "surcharge" or anything other than a "convenience fee". The fee is designed to offset the cost of the convenience, not the cost of accepting credit cards.
- Charging higher prices for credit card purchases versus checks or cash. Note: Suppliers may offer a "cash discount" to customers paying with cash, in person.
- Charging a convenience fee via the internet when that is the supplier's only "normal business practice". If the supplier only sells on the internet, there is no convenience versus coming in to a retail location, so no convenience fee can be charged.

There are many ways a supplier's actions can fall outside Visa's guidelines. As such, only suppliers in compliance with the guidelines shall be allowed to receive convenience fees via the P-Card and/or other accounts.

One example of an allowable convenience fee is a utility that charges a convenience fee for paying a bill via the phone or internet versus having to come to an office and drop off a payment. As long as the convenience fee is a flat fee and is charged to all transactions accepted via the phone or internet (such as all card types, electronic checks, etc.), it is acceptable on a PCard transactions.

Convenience fees charged in accordance with the Visa guidelines quoted above are permitted on the P-Card or other accounts. For clarifications, please consult your entity's P-Card Administrator or contact the State Cards Program Manager. Violations of the Visa guidelines should be reported to the State Cards Program Manager as merchants can be reported to Visa through Bank of America.

DEFINITIONS

Card Abuse	Use of the card for non-State business use purchases (personal purchases). See definitions of “card misuse” and “fraud”.
Card Misuse	Use of the card for legitimate purchases but for goods or services that are prohibited by State or internal policy (e.g., purchase of fuel for a State vehicle). See definitions of “card abuse” and “fraud”.
Convenience Fee	A flat amount charged by a merchant when a credit card is not the normal method of accepting payment. See section on Surcharges & Convenience Fees.
Foundation	§50-5-83 of the Official Code of Georgia, Annotated, prohibits the issuance of cards to employees of foundations associated with any State Entity. The DOAS Legal Division has interpreted this to include a prohibition of use of the card by a State Entity employee when foundation funds will be used.
Fraud	Use of the card for non-State business purchases by someone other than the cardholder. See definitions of “card abuse” and “card misuse”.
Merchant Category Code (MCC)	A system of four-digit codes, maintained by the networks™ (e.g. VISA), used to identify a merchant's principal trade, profession, or line of business based on the type of goods or services normally provided.
Personal Purchase	<p>Non-work related goods or services purchased solely for the benefit of the cardholder, the cardholder’s family, or other individual(s). This does not include goods or services purchased for communal use at a work site and available to all employees (e.g. paper towels, tissues).</p> <p>State Entity policy will determine if (1) the State Entity will provide communal use items for employee use (e.g. Styrofoam coffee cups, break room appliances) and (2) if the P-Card may be used for those purchases.</p> <p>State Entity policy will determine if the P-Card may be used for individual use appliances (e.g. desk fans, space heaters).</p>
Split Purchase	A practice whereby one or more cardholders or suppliers split a purchase into two or more transactions and/or purchase orders to circumvent either Single Transaction Limits or bid requirements. This is prohibited by the <i>Statewide Purchasing Card Policy</i> .
Surcharge	A percentage of the transaction amount charged by the merchant to cover the costs of processing credit card transactions. See section on Surcharges & Convenience Fees.
Team Georgia Marketplace™	Trademarked name of the eProcurement system in the State Accounting Office version of PeopleSoft, including the on-line catalog of Statewide Contract items. This term should not be confused with any eProcurement options offered for units of the University System of Georgia.

**Works™ Payment
Manager**

On-line card management and reconciliation system provided by Bank of America. Card Program Administrators use this tool to order and cancel cards, set spending limits, and assign allowable Merchant Category Codes. State Entities not using Team Georgia Marketplace™ use this on-line tool to reconcile transactions.

TOPICAL INDEX

1099 Reporting.....	5
Alcoholic beverages	17, 18
Allocation	14, 15
Allowable Purchases	15, 16, 18
APO	6
Apps	17, 18
Background Checks	3
Calling cards	18
Car Washes	17
Card Program Administrator responsibilities	7
Card Usage	9
Card Utilization Review	12, 13
Cash advances	18
Convenience Fees	19, 20
Credit Checks	3
CUPO	6
Cycle Limit	12, 13
Data plans	17, 18
Documentation	4, 7, 13, 17, 19
Dormant Cards	13
Emergencies.....	19
Entertainment.....	18
<i>Evaluating P-Card Program Management.....</i>	<i>10</i>
E-Verify.....	5
Exceptions	2, 6, 7, 8, 12, 18, 19
Food	17
Fuel.....	18
Ghost Card Accounts.....	2
Gift cards.....	18
Internal Controls	8, 10
Internal Purchasing Card Policy	11, 15

<i>Introduction to P-Card Principles</i>	10
Legal Issues	2
Lodging	18
Manual Logs	14
Meals	17, 18
Mechanical repairs	18
Merchant Category Code	2, 10, 11
NIGP	13
Office of Fleet Management	18
Official forms	1
Personal Purchases	3, 23
Policy Risk Evaluation workbook	11
Process Improvement	6, 10, 12
Professional Development	6
Prohibited Purchases	15, 16, 18
Reconciliation	7, 8, 9, 10, 11, 14, 15
Reconciliation procedures	7
Records Retention	4
Sales and Use Tax	4
Refunds of	4
Single Transaction Limit	3, 4, 12, 19
Software	17, 18
Sole Source / Sole Brand Purchases	19
Special Approval Request	7, 12, 18, 19
Spending Limits	12, 13
Split Purchases	3
Standard P-Cards	1
State Cards Program Manager	6
Statewide Travel Policy	17
Stored value cards	18
Supervisors / Approving Officials	8
Surcharges	19
Tobacco	18

Training	8, 9
Transportation	
Non-State Employees.....	16, 18
State Employees.....	16
Travel-Related Expenses	
Allowed Purchases	16
Non-State Employees.....	16
Prohibited Purchases	18
Types of Accounts	1
Vehicle-Related Transactions	
Allowed Purchases	17
Prohibited Purchases	18
Vehicles	18
VISA	19, 20, 21
Visa’s convenience fee policy	21
Wholesale Warehouses	18
Works™ Payment Manager	6, 7, 8, 9, 10, 11, 14, 15
Receipt Imaging.....	15